

STATE OF MAINE
OFFICE OF SECURITIES
121 STATE HOUSE STATION
AUGUSTA, ME 04333-0121

IN RE:

JESSE BEAN

NOTICE OF INTENT
No. 10-055-NOI

ALLEGATIONS

1. Jesse Bean ("Bean") is a Maine resident whose last known address is 330 North St. #1, Calais, Maine 04619. The licensing records of the Maine Office of Securities do not reflect that Bean has ever been licensed to sell securities.
2. Bean currently holds a Maine resident insurance producer license (#PRR132273). The license records of the Maine Bureau of Insurance show Bean is currently affiliated with F A Peabody Company, a Maine licensed insurance agency located in Houlton, Maine, and has been with F A Peabody since June 2010.
3. Bean was an appointed producer with Bankers Life and Casualty Company from approximately January 2007 through March 2009.
4. Bean was not appointed by any insurance company from March 12, 2009, to December 14, 2009.
5. Soon after leaving Bankers Life, Bean learned about an investment offered by Genesis Fulfillment Management, LLC ("Genesis"). The product offered by Genesis was a 1-year promissory note that guaranteed a return of 9%. Steadfast Fulfillment, LLC ("Steadfast"), a subsidiary of Genesis, promised to pay the return on the promissory note.
6. Bean told investigators with the Office of Securities ("the Office") that when he first considered advising the Maine resident to invest in a Genesis promissory note, Bean was concerned that he might need a license to sell it because Genesis described the promissory notes as an "investment." However, Bean said that the only inquiry he made about the need for a license to sell the Genesis promissory notes was when he asked Russell Freeman ("Freeman"), the person Bean believed to be the president of Genesis, whether a license would be needed to sell the Genesis promissory note. Freeman assured Bean that no license was required because the Genesis promissory notes involved a mortgage transaction, and not a security. Bean did not confer with a securities attorney or the Office to determine whether licensure was required.

7. Bean stated that his due diligence of the Genesis promissory notes consisted of contacting a real estate broker that Freeman had identified for him and conducting a search of the web for information about Genesis. Both inquiries revealed no negative information regarding Genesis or the Genesis promissory notes. Bean did not confer with a securities attorney or the Maine Office of Securities to determine whether the Genesis promissory notes were registered, exempt from registration, or were required to be registered.
8. In or around May 2009, Bean solicited a 78-year-old Maine resident to invest in the Genesis promissory note.
9. Bean provided the Maine resident with a Genesis brochure that described the Genesis promissory notes. That description included the following:
 - a. Investors' money would be used to purchase distressed properties whose value would be worth much more than the money provided by the investor;
 - b. the investment in the promissory note would be fully collateralized because the investor would hold the first mortgage on the property and could therefore sell the property if Steadfast failed to meet its commitment;
 - c. investors' funds would provide only 70% of the purchase price on the property;
 - d. Genesis would provide the remaining 30% of the purchase price of the property; and
 - e. Genesis would not handle the investors' funds.
10. To fund the purchase of the Genesis promissory note, Bean recommended to the Maine resident that he surrender a Bankers Life and Casualty Equity Indexed Annuity ("Bankers Life EIA") that Bean had sold to the Maine resident for \$51,530.66 approximately one year earlier.
11. The Maine resident agreed to Bean's recommendation and surrendered the Bankers Life EIA, for which he was assessed a surrender charge of 10% of the value of the annuity, or \$5,039.29.
12. On October 19, 2009, the Maine resident purchased the Genesis promissory note for \$46,491.37, which is how much the Maine resident received from the surrender of the Bankers Life EIA.
13. Bean told investigators that he recommended to the Maine resident that he invest in the Genesis promissory note despite the penalties he would incur because (a) he would recover within one year the cost of penalties he would incur when he sold the Bankers Life EIA, and (b) he would make significantly more money overall if his funds were invested in the Genesis promissory note rather than the Bankers Life EIA.
14. Bean also explained to investigators that he had recommended the surrender of the Bankers Life EIA to the Maine resident because at the time Bean recommended the

EIA to the Maine investor, Bean believed the participation rate¹ on the EIA was 80%, but he had subsequently learned that the participation rate was much lower, thus, Bean no longer felt that the Bankers Life EIA was as good as he had originally believed.

15. Pursuant to 32 M.R.S.A. §§ 16604(1) and 16604(4), if the administrator determines that a person has engaged, is engaging or is about to engage in an act, practice or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aided, is materially aiding or is about to materially aid an act, practice or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the administrator may, after notice and an opportunity for hearings, bar that person from association with any issuer, broker-dealer, or investment adviser in Maine, and impose a civil fine not to exceed \$5,000 per violation.
16. Pursuant to 32 M.R.S.A. § 16301 and at all relevant times, it has been unlawful to offer or sell a security in Maine unless the security is registered; the security, transaction or offer is exempt from registration; or the security is a federal covered security.
17. The Genesis promissory note that Bean offered and sold to the Maine resident is a security pursuant to 32 M.R.S.A. § 16102 (28).
18. At all relevant times, the Genesis promissory note was not registered as a security in Maine, was not exempt from registration, was not a federal covered security, and the transaction in which it was sold was not exempt from registration.
19. Pursuant to 32 M.R.S.A. §§ 16401 and 16402 and at all relevant times, it has been unlawful to transact business as a broker-dealer or an agent of a broker-dealer or issuer unless licensed or exempt from licensing.
20. At all relevant times, Bean was neither licensed as a broker-dealer or an agent of a broker-dealer in Maine or exempt from licensing.
21. Pursuant to 32 M.R.S.A. § 16501(2) and at all relevant times it has been unlawful for a person, in connection with the offer, sale or purchase of a security, to make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
22. According to the Bankers Life EIA contract that the Maine resident received at the time of his investment in the Bankers Life EIA, the participation rate on the Bankers Life EIA was 55% at the time of purchase, not 80% as Bean believed. Furthermore, the contract stated that the participation rate could go down as low as 10%. Thus, Bean

¹ The participation rate is the percentage of the index's growth used to determine the interest credited to the investor for the year or for the index period. This would mean, for example, that if an insurance company sets the participation rate at 90%, the annuity would only be credited 90% of the gain experienced by the index

was ignorant of one of the key features of the Banker's Life EIA at the time that he sold it to the Maine resident.

23. Bean never conducted independent research regarding Freeman, Bean's primary source of information about the Genesis promissory note. Had Bean conducted such research, he would have learned that, in connection with a scheme that involved the sale of promissory notes, in 2002 Freeman was convicted in Wisconsin state court of selling unregistered securities, selling securities without a license, and theft/false representations, for which he was sentenced to 9 years in prison and ordered to pay restitution of \$2,531,623.30. In addition, in an unrelated case, in 2002 Freeman was convicted in federal court of fraud and mail fraud, sentenced to 30 months in prison, and ordered to pay \$224,000 in restitution. At the time Freeman was providing Bean with information regarding the Genesis promissory notes, Freeman was on parole.
24. The value of the property purchased by Genesis using the Maine resident's money was not worth more than the money provided by the resident, as had been represented to him, nor was it fully collateralized. The property had been listed on the market for \$99,500 on November 15, 2007. That listing expired on June 15, 2008, at which time the listing price for the property had been reduced to \$97,500. On May 15, 2009, the home was relisted for \$29,900, and the property finally sold on November 17, 2009, for \$14,000.
25. Contrary to the representation made to the Maine resident that his funds would pay only 70% of the purchase price of the property, closing documents show that the Maine resident's funds covered 100% of the cost to purchase the property, including all closing costs; thus, Genesis did not contribute 30% of the purchase price.
26. Despite representation that Genesis would not handle investors' funds, Steadfast was sent the \$34,391.00 that was left after the Maine resident's funds were used to purchase the property and cover closing costs. Therefore Genesis did handle investors' funds when it acted through its subsidiary Steadfast to receive the Maine resident's funds.
27. By representing to the Maine resident that (a) his money would be used to purchase distressed properties whose value would be worth much more than the money provided by the investor; (b) his investment in the promissory note would be fully collateralized; (c) investors' funds would provide only 70% of the purchase price on the property; (d) Genesis would provide the remaining 30% of the purchase price of the property; and (e) Genesis would not handle the investors' funds, Bean made untrue statements of material fact.
28. By failing to disclose to the Maine resident that Russell Freeman, Bean's primary source of information regarding Genesis, had been imprisoned and was currently on probation for prior securities-related convictions, Bean failed to disclose material facts.

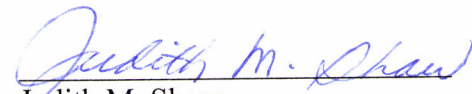
29. As set forth above, Bean has committed at least four violations of the Maine Uniform Securities Act.

NOTICE

Notice is hereby given that the Securities Administrator intends to issue an Order to Bar Bean from association with any issuer, broker-dealer or investment adviser and Impose a Civil Fine.

If Bean wants to request a hearing in this matter, he must do so in writing within thirty (30) calendar days of the date of this Notice of Intent pursuant to 32 M.R.S.A. § 16604.

Date: March 10, 2011


Judith M. Shaw
Securities Administrator